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C O N F I D E N T I A L SECTION 01 OF 03 WARSAW 000443

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SUBJECT: POLAND'S MINISTER OF REGIONAL DEVELOPMENT JUGGLING EUROS AND AGENCIES

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Classified By: Ambassador Victor Ashe, reasons 1.4 b and d

¶1. (C) Summary: Minister of Regional Development Bienkowska told Ambassador that the EU funds Poland will receive in 2007 to 2013 will not be sufficient to meet all of Poland's needs. Infrastructure development is her Ministry's main priority. The Tusk government devolved responsibility for decision-making on 25% of the funds to the regional level, further reducing bureaucracy. The fact that previous governments did not keep their promises to the EU on environmental issues has stymied road construction but the GOP has a plan to fix the problem. Poland will be ready to host the Euro 2012 European Soccer Championship. Biographic information in para 10. End Summary.

67 Billion Euros Not Enough

¶2. (C) In an introductory courtesy call with Minister of Regional Development Elzbieta Bienkowska, the Minister told the Ambassador that her Ministry is working hard to ensure that the remaining EU funds from the 2004 to 2006 time frame are spent. She expects that 80% of the funds will be used by year end. The Ministry is also working to ensure that the 67 billion Euros Poland will receive from 2007 to 2013 are spent well. Responding to the Ambassador's question about where upgrading Poland's decrepit transportation infrastructure fit into her priority list, the Minister replied that a huge part of the funds will be spent on new roads, as road construction is the main priority of most programs. The 67 Billion Euros is not enough to meet all of Poland's needs. Applications in the first competition for money for the 2001-2013 tranche were for ten times more funding than is available.

Road Construction Main Priority

¶3. (C) Returning to infrastructure problems, the Minister agreed with the Ambassador's contention that infrastructure development is key to Poland's continued development. The five Eastern provinces have requested that the GOP spend the 75% of money allocated by the national government to the region on road construction as communication with Warsaw is extremely important for them. But the problem is not confined to communication and transportation between the East and Warsaw, it is also a problem for Western Poland. The government is looking not only at roads, but also at airports

and railroads. The American Chamber of Commerce recently met with the Minister and provided her with what she described as an interesting report on why Poland hadn't yet built western-standard roads.

¶4. (C) Poland now has the money to build roads, but is running into problems acquiring property and meeting EU procurement and environmental rules. The Minister noted that the GOP is confronted with environmental issues all over Poland. Previous governments did not keep their promises on the environment to the EU. This resulted in the EU being very strict with Poland. Until Poland changes its legal acts on the environment to be in line with EU regulations the country will continue to have problems with the EU. The Ministry of Environment is working to change its laws and started a discussion with the EU. Minister Bienkowska cited the example of Nature 2000 - for Poland Nature 2000 consists only of projects, not a specific design as required by the EU. The GOP has a way to solve the problem and has started doing so.

Voivodes Now Responsible for Some Decisions

¶5. (C) The Minister explained that one of the new government's first decisions was to devolve decision-making on regional projects to the voivodes, eliminating a level of bureaucracy. When Poland joined the EU in 2004 the government had both Polish and EU bureaucracy to deal with. This government's decision to devolve decision-making to the voivodes eliminated another layer of red tape. In her opinion, the GOP is getting close to the point where it can't make spending EU funds any simpler. There will continue to be some unavoidable bureaucracy because most of the EU funds are grants, and thus require checks before, during, and after funds are spent. That can't be changed.

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Ministry is an Umbrella for 200 Organizations

¶6. (C) The Ministry's role in Poland is quite difficult, the Minister told the Ambassador. The GOP's decision to allow regions freedom to spend some funds simplified the process somewhat. But, the Ministry of Regional Development is still the umbrella institution with oversight responsibility for over 200 implementing institutions - other Ministries, Agencies, and Foundations. Her Ministry is also working with PM Tusk's Palikot Commission initiative to reduce red tape and bureaucracy that hamper investment and entrepreneurship.

Euro 2012 - Poland will be Ready

¶7. (C) Poland will be ready for the Euro 2012 Soccer Championship, the Minister assured the Ambassador. The EU funds will be used for construction of some roads, airports, and tourism projects. "Thank God we're not building stadiums from the EU funds" was her summary of the situation.

National Politics A Surprise

¶8. (C) Asked by the Ambassador what her biggest surprise was as Minister, Bienkowska responded that it was politics. She had not been involved in national politics previous to accepting the appointment as Minister. She prefers not to be well known. She believes the other Ministries work well with her and her Ministry and that they are a good team. She singled out Minister of Education Hall, Minister of

Environment Nowicki, and Minister of Culture Zdrojewski as being particularly helpful. The Minister concluded by noting that she visited the U.S. in 2002 with a group formed by the Marshall Fund to study the U.S. experience with regional government. The tools and instruments of regional government are the same around the world.

¶9. (C) Comment: Minister Bienkowska took over a relatively new Ministry that was considered the best-run and most effective under the Kaczynski government. The daunting task of juggling the competing needs for the EU's funds will test her management and political skills as she navigates the EU and Polish bureaucracies. While we applaud her determination to improve Poland's abysmal transportation infrastructure, to achieve that goal her Ministry must overcome infighting between Ministries and regions and the EU's reluctance to trust any GOP on environmental issues. There will also be some who will argue that funds should also be expended on improving technical education and increasing investment in research and development. Minister Bienkowska's decisions on what Poland's priorities should be in using EU funds and ability to ensure that the funds are spent appropriately will have a lasting impact on Poland's future development.

Biographic Information

¶10. (U) Elzbieta Bienkowska was appointed Minister of Regional Development in Donald Tusk's government on November 16, 2007. She is not a party member. From 1999 until her appointment as Minister, she was the Director of Regional Development in regional administration in Slaskie (Silesia) Voivodeship responsible for preparing, managing, and implementing both pre-accession and Structural Funds programs for the region. She is a member of Monitoring Committees at the national and regional level. Since the beginning of 2007 she was responsible for the management of the Regional Operations Program 2007 - 2013. On October 15, 2007 she was appointed by regional authorities to the position of a Director of Silesia Entrepreneurship Center. Elzbieta Bienkowska is a supporter of decentralization of public authorities with regards to the EU's cohesion policy in Poland. She is considered one of the best experts in the field of European funds. She lectured on EU structural programs at Slaska Technical School to graduate students.

Elzbieta Bienkowska received an MA in Persian Philology from Jagiellonian University in Krakow, and graduated from the National School of Public Administration in Warsaw. She also participated in MBA studies in management at the Warsaw

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School of Economics (SGH). In the nineties she worked in the voivode's plenipotentiary for regional contract of Katowickie Voivodeship followed by a position as a Director of the Regional Development Department in the office. She interned in the Ministry of Foreign Affairs and in the British Administration.

Ms. Bienkowska was born on February 4, 1964 in Katowice. She is married, with three children. She likes literature.
ASHE